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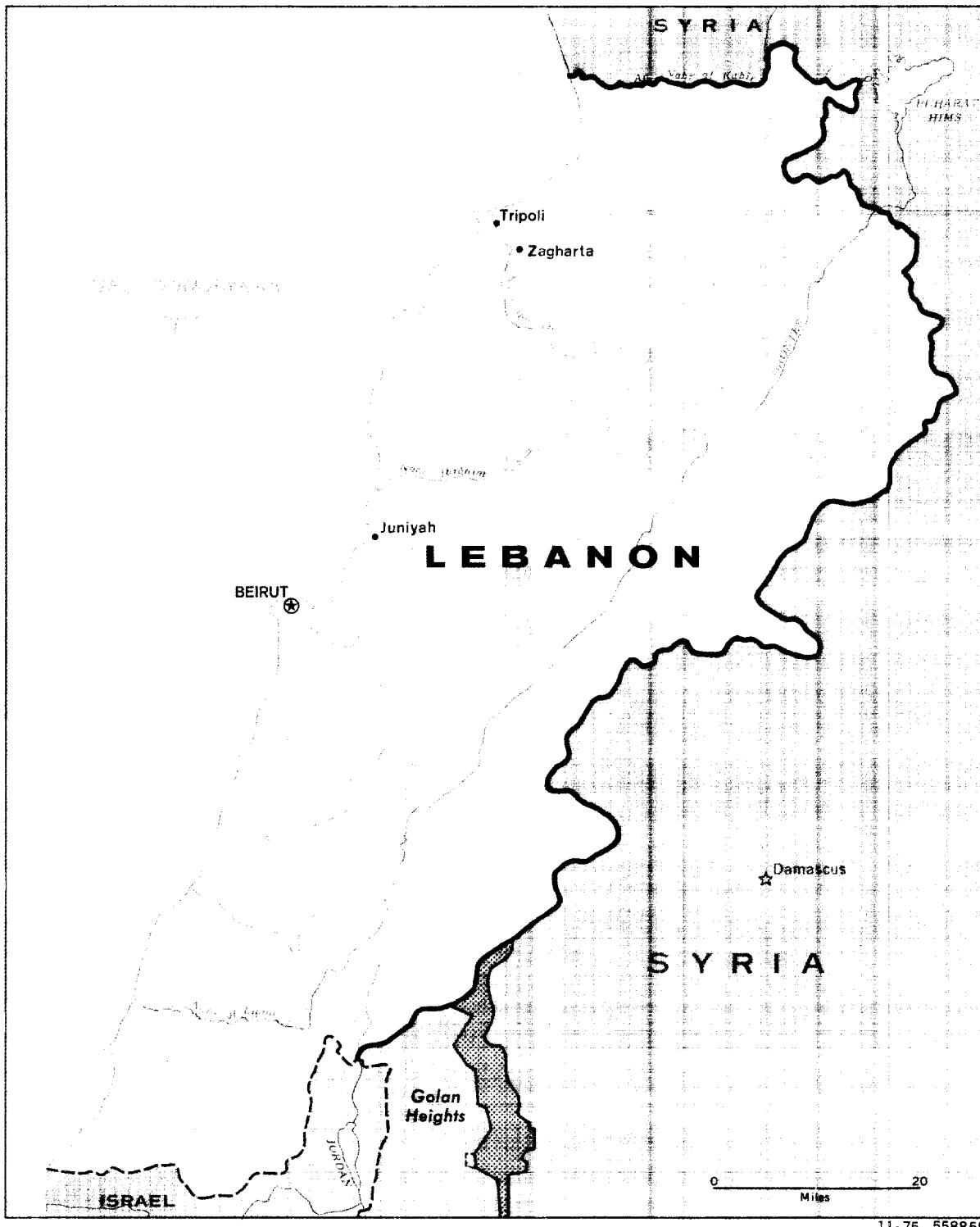
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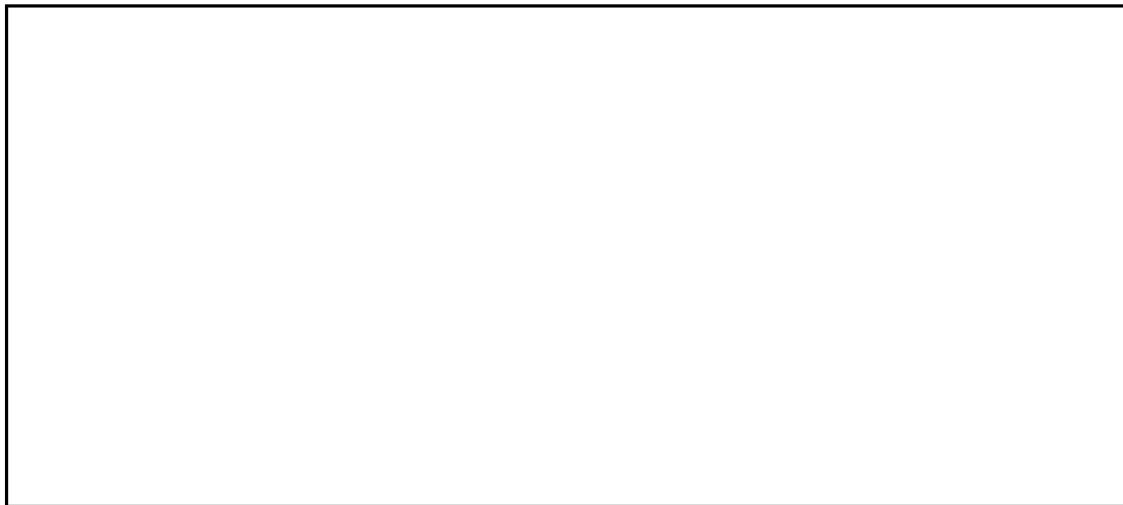
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LEBANON

The violence of the past three days in the Beirut suburbs threatens to draw the large Christian and Muslim militias into sustained fighting. Persistent efforts by the extreme left to incite greater violence have already prompted an increase in kidnappings and sparked exchanges of fire in central and eastern Beirut.

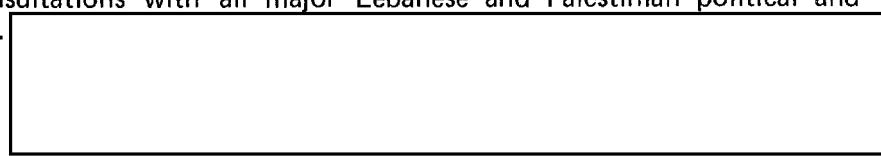
Armed clashes have also been reported in the Tripoli-Zagharta area of northern Lebanon.

The government's 300-man shock force, created early in the week, has begun patrolling the streets of Beirut. The force was designed primarily to apprehend snipers and stop firefighters in the city center, and it will be of little or no use in halting the widespread shooting in the suburbs.



Leftist politicians are apprehensive at Karami's recent moves to bypass the national dialogue committee—where the left is dominant—in favor of personal negotiations with President Franjiyah. Socialist leader Kamal Jumblatt, although continuing to support Karami as Prime Minister, late this week held a press conference to repeat his preference for working through the committee and his frequent calls for electoral reform.

French mediator Couve de Murville arrived in Beirut on November 19. He is engaged in consultations with all major Lebanese and Palestinian political and religious leaders.



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SYRIA-ISRAEL

Tel Aviv is likely to interpret the fedayeen attack on an Israeli settlement Thursday night as part of an effort by Syria to increase tension as the expiration date—November 30—of the UN forces' mandate approaches. The attackers, who said they were from a Syrian-based unit of Yasir Arafat's Fatah, got back to Syria after killing three Israelis and wounding another.

This was the second terrorist infiltration of the Golan from Syria in less than a month. In late October the Israelis ambushed a group of Fatah infiltrators, killing two and capturing five. The prisoners said they had received extensive support from the Syrian military. That operation had been the first instance of fedayeen infiltration from Syria since the Syrian-Israeli disengagement agreement was signed last year.

The Israeli government will be under strong domestic pressure to strike back at the Palestinians, especially in light of the Israeli casualties and the terrorists' escape. Any retaliation, however, is more likely to be made against fedayeen bases in Lebanon. The Israelis do not want to contribute to tension with Syria just before the UN mandate is due to expire.

The Israelis nevertheless will tighten security measures on the Golan and initiate more aggressive patrolling of the disengagement line. Such activities increase the risk of clashes with Syrian troops along the narrow UN buffer zone.

Official Israeli reaction to the terrorist incident has focused on fedayeen, rather than Syrian, involvement. A Foreign Ministry spokesman emphasized yesterday that the attack again demonstrated that the fedayeen, including Arafat's followers, are terrorists who have no place in the framework of civilized nations.

DIA believes that while the Israelis would not lightly make a decision to attack terrorists located in Syria, they would do so if they perceived their security interests were sufficiently threatened, despite the possible repercussions. The fact that this is the second recent terrorist attack from Syrian territory, and one which involved casualties, raises the possibility that the Israelis will at least consider launching a raid against terrorists in Syria.

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PORUGAL

Portugal's anti-Communist leaders yesterday backed away from a direct test of wills with the extreme left, and another compromise solution may be in the making.

The all-military Revolutionary Council met yesterday to discuss the government's refusal to carry out its activities, apparently laying the groundwork for such a compromise. The council:

- Criticized the government's action and instructed Prime Minister Azevedo to ensure the normal functioning of the government until a solution is found.
- Called for immediate talks with the political parties to find a common platform, which could involve "remodeling" the government.
- Named a leader of the anti-Communist Melo Antunes group, Vasco Lourenco, to replace extreme leftist Otelo de Carvalho as commander of the Lisbon military region.
- Dissolved the special "military intervention force" set up to enforce the government orders.

Following a meeting late yesterday between President Costa Gomes, Azevedo, and Carvalho, it was announced that Carvalho would retain his post as Lisbon region commander until at least Monday, when an extraordinary session of the Revolutionary Council, convened by the President, will take place. If Carvalho's ouster does stand, it will mean that all four of the country's military regions will be headed by officers loyal to the Azevedo government.

The council's other decisions are more ambiguous. They seem to indicate that the Antunes group—which has a majority on the council—has backed away from its former strong support of the present cabinet. The cabinet is made up of Socialists, center-left Popular Democrats, anti-Communist military officers, and a single Communist.

The council's criticism of the government's suspension of activities is puzzling because the Antunes group reportedly helped instigate the move. According to one report, Antunes may be thinking of leading a new government of leftist administrators.

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Portugal's anti-Communist forces may no longer be pursuing a common strategy, beyond preventing the government from falling into the hands of the far left. If the Socialists and Popular Democrats are convinced that a government shuffle will keep their opponents at bay until a general election next year, they will probably agree to the shuffle even if it involves a short-term gain for the Communists.

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SPAIN

Juan Carlos, proclaimed King of Spain today, is the country's first ruling monarch since his grandfather, Alfonso XIII, fled the country in 1931.

Personally designated and groomed by the late Franco, the 37-year-old Juan Carlos has in public maintained a studiously correct deference to the general and to Francoism. As Prince, he was careful to give Franco, who could always have named someone else as successor, no excuse for displeasure. Privately, however, Juan Carlos has over the past few years confided to leading Spanish reformers and visiting dignitaries from Western Europe and the US that he would like one day to liberalize Spanish institutions. He has made clear he intends to be an active chief of state and to resist firmly any attempts to turn him into a figurehead.

There is little positive enthusiasm in Spain for Juan Carlos or the monarchy, but there is a widespread disposition to support him for lack of a better alternative. If he succeeds in preserving law and order while gradually opening up the political process, he will gain more positive acceptance. The task will be formidable, and we are far from certain that he has the qualities to meet it.

Juan Carlos remains largely untested in the political arena, despite a 40-day period as acting chief of state during the summer of 1974 when Franco was seriously ill. He has tended in the past, when he has had to make decisions, to lean heavily on key advisers. [redacted]

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The constitution suggests the prime minister will be the most powerful man in the new government. Much, of course, will depend on the personalities involved. There is enough leeway in the law to allow a strong chief of state to exercise significant power.

Under the constitution, the chief of state:

- Commands the armed forces--although Juan Carlos' command will probably be only symbolic.
- Presides over the cabinet.
- Approves and promulgates laws and provides for their execution.
- Acts as final arbiter in disputes between high government bodies such as the cabinet, the legislature, and the judiciary.

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--Ousts prime ministers with the approval of the 17-man advisory Council of the Realm.

--Chooses a prime minister from a slate of three persons selected by the Council of the Realm.

These powers are restricted, however, by a requirement that all official acts of the chief of state be approved by one of four persons: the prime minister, the president of the Parliament, the president of the Council of the Realm, or the minister whose office is involved in the decision.

Juan Carlos has said he knows it is urgent for him to demonstrate his own support for a more liberal system. He has pointed out, however, that this cannot be done overnight and that he must take into account what would be acceptable to the military, which will be his main support.

Leaders of the leftist opposition have intimated that they are disposed to give Juan Carlos a period of grace. Any such period is likely to be short. If change does not come quickly, the left is likely to turn against him.

Juan Carlos believes that if the monarchy is to work in post-Franco Spain, he must show it to be an effective agent of social change as well as an influence for political stability. Last fall, he expressed his frustration over the constraints imposed on his future capacity to maneuver politically. He mentioned specifically the system of limiting his choice of prime minister to the three candidates chosen by the Council of the Realm. He also mentioned that he would be saddled with many of Franco's appointees to the ruling party's national council. They hold their positions for life and are also members of parliament.

In contrast to Franco, Juan Carlos has traveled widely. He made official trips to the US in 1971; Japan, Ethiopia, and West Germany in 1972; France in 1973; the Philippines, India, and Saudi Arabia in 1974; and France, Finland, and Iran in 1975. Juan Carlos admires and respects the US and would like to see Spain become a member of NATO. He reportedly said last fall that he regards diplomatic relations with the USSR, China, and East Germany as "worthless." He added that he opposed any move toward legalizing the Spanish Communist Party.

Though quiet-mannered and rather diffident in public, in private Juan Carlos has what Spaniards call "the Bourbon charm"—informal, friendly, and bluff. He is articulate, inquisitive, and well-informed. He is also physically vigorous and an accomplished athlete. He is free of the congenital illnesses—such as hemophilia—that have plagued some members of his family. A competent linguist, he speaks English, Portuguese, French, and Italian, in addition to Spanish.

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Juan Carlos has been married since 1962 to Princess Sophia of Greece, the elder daughter of the late King Paul and Queen Frederika and the sister of deposed Greek King Constantine II. Since his marriage, Juan Carlos seems to have gained self-confidence. Sophia has provided emotional support and is a positive influence. They have a son and two daughters. Now that Juan Carlos has become King, his son is next in line for the crown.

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ICELAND - WEST GERMANY

Iceland and West Germany have reached tentative agreement on a two-year pact regulating West German fishing in waters around Iceland.

Bonn apparently is ready to sign the agreement, once it is approved by the Icelandic cabinet and parliament. The West German negotiator stated on November 20 that signature could take place within ten days.

Under the agreement, West German trawlers will be permitted to operate within Iceland's 200-mile fishing zone and catch up to 60,000 tons of fish annually. Bonn made clear, however, that it does not officially recognize Iceland's unilateral declaration of the 200-mile zone.

Although the catch limit is less than Bonn would have liked, the West Germans are pleased that the agreement is for two years; previously, Iceland wanted the agreement to be renewed annually.

Iceland's negotiations with the British are in recess after the breakdown of talks in Reykjavik last weekend. Both sides were still far apart on setting a catch limit—the British want 110,000 tons but Reykjavik has offered only 65,000 tons.

London will have difficulty making more concessions because of the increased operational costs to trawermen caused by high fuel prices. Iceland also is under strong pressure from political, labor, and other special interest groups not to make further concessions.

Some of the acrimony that developed in the talks last weekend was attributed to the current British negotiator, who lacks sufficient background on the subject. A Foreign Office spokesman indicated that a more experienced negotiator might take over for the British side when talks resume.

Icelandic coast guard patrol vessels, meanwhile, continue to harass British fishing boats operating inside the 50-mile limit. Three boats had their trawls cut this week, despite the introduction of several civilian patrol ships assigned to protect the trawlers. Fishing captains have threatened to pull out unless London provides naval protection, but the British government probably will avoid such a move unless the Icelandic ships fire on the trawlers.

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ITALY

The principal deliberative body of Italy's Christian Democratic Party—the 207-member national council—meets Sunday for the first time since the ouster last July of former party chief Fanfani. His removal was inspired by the sharp Communist gains made in nationwide local elections last June.

The Christian Democrats are still far from agreement on how to prevent the Communists from repeating their success in another round of local elections next spring and in the 1977 parliamentary race. Although the council's first order of business will be to set a date and begin preparations for a party congress, the Communist issue will dominate debate. The question of how to reverse the trend toward the Communists has polarized the Christian Democrats, and two groups are now vying for control of the party.

One group centers on Prime Minister Moro and interim party chief Zaccagnini. It includes most of the party left as well as some centrists, like Foreign Minister Rumor, who have gravitated toward the left since the last elections. These Christian Democrats share the conviction that their party will have to change its image by shifting leftward and drawing the Communists into a "competitive dialogue" in order to compete with them at the polls.

While the "dialogue" proposal is vaguely formulated, its proponents apparently aim:

- To put more emphasis on tangible issues than ideology in defining the differences between the Christian Democrats and the Communists; they think anti-communism per se has declining appeal for the Italian voter.
- To limit the Communists' ability to exploit their opposition status by forcing them into an open discussion of legislative proposals with the governing parties.

The rival group, which draws most of its support from the party center and right, has a majority in the national council. Its leaders—including Fanfani, Budget Minister Andreotti, and Defense Minister Forlani—believe that shifting to a policy of open "dialogue" with the Communists would risk a gradual slide into broader collaboration with them. This group maintains that the party's image and policies should continue to center on the unqualified "opposition" to the Communists expressed by the last Christian Democratic Party congress in 1973.

The center-right forces have been increasingly disturbed that advocates of the "dialogue" thesis now hold the top posts in both the party and the government. No

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one is prepared to provoke a government crisis by challenging Moro now, but the group is determined to substitute one of its own—Forlani is the frontrunner—for Zaccagnini as party leader. The latter was never a major contender for the top party spot. He agreed to occupy it on an interim basis after the Christian Democrats failed to agree on a successor to Fanfani.

Some of Forlani's supporters have urged him to move this weekend in order to stop what they see as a drift toward the left under Zaccagnini. That argument, however, will seem less persuasive now that Zaccagnini has backed away from his earlier insistence on postponing the party congress as long as possible. Under a compromise reached last week, it was reportedly agreed that the congress will take place in late February or early March.

In addition, Forlani is reluctant to push his candidacy now because he wants more time to widen his majority. To the irritation of some of his center-right supporters, Forlani is increasingly showing signs of independence and is trying to reach an accommodation with Moro and Zaccagnini. In doing so, Forlani is attempting to avoid an internal party split similar to the one that plagued the Christian Democrats in their preparations for the elections in June. Otherwise, the Christian Democratic leadership and policies could draw the opposition of the party's own left wing, at a time when the Christian Democrats' major task is to win back voters who have been drifting leftward.

Downgrading the role of the party left could seriously hinder efforts by the next Christian Democratic leader to rejuvenate the party's grass-roots organization. To compete successfully with the Communists and Socialists, for example, the Christian Democrats must revive their ties with the industrial working class. One hopeful sign in this respect is the renewed interest in party affairs shown recently by the leader of the Christian Democratic - oriented labor confederation—Italy's second largest. The labor leader is a supporter of the Moro-Zaccagnini line, however, and if that is shunted aside, Christian Democratic labor leaders may turn their backs on the party.

The Christian Democrats' internal struggle is being followed closely by the Socialists and Communists, since neither can calibrate its strategy until the outcome is known. For different reasons, both the Socialists and Communists hope the Christian Democratic left will retain an influential voice in party affairs.

In the Socialist view, the Christian Democrats would then be more likely to adopt the kinds of policies that the Socialists feel are necessary to justify renewed

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participation in the government to their own constituents and to Communist supporters they are trying to capture. The Communists, on the other hand, favor the "dialogue" idea, because they see it as an opportunity to dilute Christian Democratic hostility toward them and encourage the broader acceptance the Communists feel is needed if they are to achieve their longer term goal of entering the national government.

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JAPAN

Prime Minister Miki returned from last weekend's economic summit conference affirming that he will not call a general election "for the time being," a move that signals a continued truce—however shaky—between Miki and his conservative party rivals.

Miki hoped the publicity surrounding his international role would boost his sagging domestic popularity and perhaps enable him to call an election this year. Miki assumed the prime ministry as a compromise choice after a deadlock last December between more powerful contenders nearly split the ruling Liberal Democratic Party; he needs an election to give him a popular mandate and improve his power position in the party.

The critical decision on the timing of an election rests with the conservative party leaders, however, and they remain opposed to an early election that could extend Miki's stay in office for some time. The Prime Minister needs their support in the current Diet session and may well have agreed to sidetrack his election ambitions to get it. Miki must gain passage of three crucial revenue bills before the session closes next month. He also faces a labor union - government confrontation over the contentious issue of public employees' right to strike.

Neither Deputy Prime Minister Fukuda nor Finance Minister Ohira—Miki's two leading challengers—is now sure of his ability to prevail in a head-on confrontation, and both are concerned that a showdown could bring the party close to an open break.

Despite the truce, a number of party leaders are exploring the possibility of selecting another interim prime minister, pending party elections to choose a more permanent leader—a move that could gain momentum if Miki falters in the next Diet session that begins in January. For his part, Miki may calculate now that the prospects for reviving his own election ambitions will be better in the spring.

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MALAYSIA

The political confrontation between Prime Minister Razak and Selangor chief minister Harun is reaching a critical stage. Harun has refused to accept political exile as Malaysia's permanent UN representative, and he could use his contacts within the government to challenge Razak's own position.

A cabinet shuffle reportedly announced on November 19 could reflect an effort by Razak either to neutralize or ensure the support of those ministers who could waver between Harun and the Prime Minister.

Although a resort to force by Harun and his supporters cannot be ruled out, it seems more likely that the present confrontation will be resolved politically within the councils of the ruling United Malays National Organization. Harun, thanks to the widespread support from the party's rank and file and his leadership of the party's influential youth organization, is in a strong position. Razak, in fact, may have to abandon his efforts to send Harun into political exile if he is to maintain his own grip on power.

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ANNEX

The USSR's High Profile in Angola

The Soviet Union moved quickly last week to recognize the Popular Movement for the Liberation of Angola as the sole legitimate governing authority in the former Portuguese territory and to establish diplomatic relations with it.

One immediate benefit of recognition was the legal fig leaf Moscow placed over the airlift of military equipment to the Movement, [redacted]

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[redacted] Recognition also got Moscow in on the ground floor in Luanda, and its diplomats are pressing hard, particularly in Africa, to persuade other states to establish relations. On the negative side, however, the Kremlin's uncompromising diplomatic and military support for the Popular Movement has drawn sharp anti-Soviet responses from a number of sub-Saharan nations.

High Visibility

The high visibility of the Soviet role in Angola is a break with the past; three years ago Moscow seemed to be losing interest in the Popular Movement. Weakened by factional strife and no longer able to speak as the unchallenged leader of the Angola liberation struggle, the Movement did not seem likely to force an end to Portuguese rule. Its prospects changed with the fall of the Caetano regime in April 1974, however, [redacted]

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[redacted] it would not be surprising to see Soviet military advisers and technicians turn up in Angola. [redacted] Moscow, however, would almost certainly prefer to avoid—or at least limit—a sizable involvement of its own military personnel and to rely on Cubans to support the Popular Movement in the field.

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African Reactions

The Soviets have had to pay a price for their assistance to the Popular Movement. For one thing, their relations with some of the most influential states in Africa have suffered a setback. A number of these states were particularly upset over Moscow's getting out in front of the Organization of African Unity on the Angolan recognition issue.

Nigeria has publicly criticized the Kremlin's "flagrant interference" in the affairs of Angola and privately deplored the Soviet disregard of OAU efforts to effect a reconciliation between the territory's warring liberation groups. Lagos has denied overflight rights for Soviet aircraft carrying materiel for the Movement.

Zaire's President Mobutu, who supports one of the Popular Movement's rivals in Angola, may break diplomatic ties with Moscow. Kinshasa sees the substantial Soviet military build-up in Angola and in Congo as a direct menace to Zairian security and is actively seeking to have this threat brought to the attention of the UN Security Council.

Tanzania's President Nyerere, a staunch supporter of the Popular Movement, has expressed regret over Soviet involvement in Angola. [redacted]

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Soviet pressure on Uganda to recognize the Popular Movement ruffled OAU chairman Idi Amin's feathers and was one reason for last week's "temporary" rupture in relations between Moscow and Kampala.

Reaction outside of sub-Saharan Africa so far has been more muted. The Soviets clearly will be discomfited if the issue is brought before the UN, and may have some

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concern that their action in Angola will be cited as behavior not in accord with Moscow's professed commitment to relaxation of tensions. But Moscow almost certainly expected a sharp reaction to its activities, and the decision to pull out the stops for the Popular Movement was based on the calculation that the gains were worth the price.

Soviet Objectives

Angola is a rich prize compared to the other former Portuguese African territories; it has major resources of oil and other minerals. The Soviets have no compelling need for these resources, but they might want, for example, to use Cabindan oil to supply some of their East European clients. They might also want to hinder Western access to resources in the area.

Strategically, Angola may be of some interest to the Soviets if they are contemplating expansion of their naval activities in the South Atlantic. Politically, an Angola run by people well disposed to the Soviets could provide a platform from which Soviet influence might expand into adjacent areas, particularly southern Africa. None of the Soviet objectives will be reached overnight, and Moscow may not necessarily expect a quick return on the investment it has made in the Popular Movement.

The specter of China looms large in Soviet thinking, and China has, at least until recently, supported another Angolan faction. Moscow would like to put the lie to assertions from Peking that Soviet imperialists do not support the aspirations of the Third World. The message to would-be revolutionaries is that association with Moscow pays off, and that the Soviet Union does not stint in supporting its friends.

A related message may be intended for the US—that the USSR has the will and the capability to compete with the US for influence in peripheral areas of the globe.

The heavy domestic coverage the Soviet press has given Angola also raises a possibility that internal political reasons contributed to Moscow's support of the Popular Movement.

Angola may be seen as providing an opportunity for the Kremlin to demonstrate adherence to and support for revolutionary movements, detente notwithstanding. More important, if things go reasonably well, Angola can be cited as tangible evidence that the correlation of forces in the world, despite some setbacks, is moving in ways favorable to the Soviet Union.

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